

Message Text

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ACTION AF-10

INFO OCT-01 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 ERDA-05
AID-05 CEA-01 CIAE-00 COME-00 EPG-02 DODE-00
EB-07 FEAE-00 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-07 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 /134 W
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R 111421Z MAY 77
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TO SECSTATE WASHDC 1078
INFO AMEMBASSY ABU DHABI
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AMEMBASSY LONDON
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
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AMCONSUL DHAHRAN
SUIN BAGHDAD 18

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TAGS: ENRG, NI
SUBJECT: NIGERIAN NATIONAL PETROLEUM CORPORATION REPLACES MINISTRY
OF PETROLEUM RESOURCES AND NIGERIAN NATIONAL OIL CORPORATION.

REF: LAGOS 076

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1. COMMISSIONER OF PETROLEUM RESOURCES COLONEL MUHAMMED BUHARI
RELEASED DECREE APRIL 29, 1977 DISSOLVING FEDERAL MINISTRY OF
PETROLEUM RESOURCES (MPR) AND NIGERIAN NATIONAL OIL CORPORATION
(NNOC) AND ESTABLISHING IN THEIR PLACE NIGERIAN NATIONAL
PETROLEUM CORPORATION (NNPC). DECREE TAKES EFFECT APRIL 21, 1977.

2. BUHARI ANNOUNCED NNPC WILL BE RUN BY BOARD OF DIRECTORS

WHOSE CHAIRMAN WILL BE PRESENT MPR COMMISSIONER, NOW TO BE KNOWN AS FEDERAL COMMISSIONER FOR PETROLEUM. OTHER MEMBERS ARE PERMSEC MINISTRY OF FINANCE, PERMSEC MINISTRY OF ECONOMIC DEVELOPMENT, MANAGING DIRECTOR OF NNPC, AND THREE MEMBERS TO BE APPOINTED BY FEDERAL EXECUTIVE COUNCIL. DECREE PROVIDES FOR DEPARTMENT CALLED PETROLEUM INSPECTORATE WHICH WILL BE DIRECTLY RESPONSIBLE TO COMMISSIONER, INDEPENDENT OF THE BOARD, AND WHICH WILL ENFORCE ALL REGULATORY MATTERS PERTAINING TO PETROLEUM SECTOR.

3. BUHARI SAID NNPC WILL MAKE POSSIBLE OPTIMAL USE OF LIMITED INDIGENOUS EXPERIENCED MANPOWER. STAFF OF NNPC WILL BE DRAWN FROM DEFUNCT MPR AND NNOC, INDIGENOUS STAFF IN THE PRIVATE SECTOR AT HOME AND ABROAD, AND FROM QUOTE MASSIVE RECRUITMENT UNQUOTE OF FOREIGN PERSONNEL. HE ADDED THAT ESTABLISHMENT OF NNPC NECESSARY IN ORDER BRING ACTIVITIES OF OIL SECTOR UNDER CLOSE AND MORE DIRECT SCRUTINY OF FMG. HENCEFORTH, HE SAID, THERE WOULD BE NO CONFUSION IN MINDS OF MEMBERS OF PUBLIC AND OF OIL COMPANIES AND OTHER INVESTORS AS TO WHERE RESPONSIBILITY FOR OIL MATTERS LIES.

4. BUHARI DID NOT MENTION WHO WILL FILL POSITION OF MANAGING DIRECTOR. MOST LIKELY CONTENDERS ARE PRESENT PERMSEC AWONIYI AND FORMER OPEN SEC GEN CHIEF FEYIDE. AFTER INTERNATIONAL LIMELIGHT IN VIENNA, FEYIDE UNLIKELY TO BE INTERESTED IN MERELY RETURNING TO HIS FORMER JOB AS DIRECTOR OF PETROLEUM RESOURCES, WHICH WAS THIRD RANKING POSITION IN MPR HIERARCHY, OR ITS EQUIVALENT IN NNPC. ON OTHER HAND, AWONIYI, WHO WAS RUMORED TO BE DETERMINED TO RETIRE LASTS FALL, WAS SPECIFICALLY ASKED LIMITED OFFICIAL USE

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TO STAY ON AS PERMSEC BY HEAD OF STATE. SHOULD AWONIYI RETIRE OR BE TRANSFERRED TO ANOTHER MINISTRY, FEYIDE ALMOST CERTAIN TO BE NAMED NUMBER TWO IN NNPC. SHOULD AWONIYI STAY, FEYIDE MIGHT BE TAPPED AS ONE OF THREE MEMBERS OF BOARD SELECTED BY FEC. EITHER OUTCOME WOULD RETAIN A MEMBER OF SOUTHERN YORUBA TRIBE AS SECOND IN COMMAND OF THIS IMPORTANT ORGANIZATION (BUHARI IS NORTHERN HAUSA). RUMOR HAD BEEN MAKING ROUNDS THAT FEYIDE, DISSATISFIED WITH MANAGEMENT OF MPR UNDER AWONIYI AND DIRECTOR MARINHO, SUBMITTED CRITICAL LETTER OF RETIREMENT TO HEAD OF STATE WHICH AN EMBARRASSED AWONIYI TRIED TO COVER UP. HOWEVER, WHEN EMBOFF SOUGHT LOCATE FEYIDE TO INVITE HIM TO DINNER WHICH AMBASSADOR GIVING FOR UNDER SECRETARY COOPER, FEYIDE STILL OCCUPYING OFFICE AT NNPC AND REGRETTED BY EXPLAINING HE GOING ON TOUR WITH COMMISSIONER. THUS APPEARS FEYIDE ALIVE AND KICKING AT NNPC.

5. FUTURE RELATIONSHIP BETWEEN NNPC AND OIL COMPANIES ALSO SUBJECT OF SPECULATION. NIGERIAN LAWYER FAMILIAR WITH OIL MATTERS EXPRESSED OPINION THAT WHILE IT NECESSARY CREATE

NATIONAL OIL COMPANIES IN DAYS WHEN PRIVATE OIL COMPANIES
REFUSED TO JOINT VENTURE WITH GOVERNMENTS, THIS NO LONGER
NECESSARY SINCE FEDERAL GOVERNMENT ALREADY HAS MAJORITY OWNERSHIP
OF PRIVATE COMPANIES. RATIONALIZATION OF FMG'S PRESENT CONFUSED
PETROLEUM ORGANIZATION LONG OVERDUE, HE SAID. HOWEVER, ENSURING
THAT PETROLEUM PRODUCTION CONDUCTED EFFICIENTLY AND IN LINE WITH
NATIONAL INTEREST COULD BE ACCOMPLISHED BY SMALL MINISTRY
WHICH FORMULATES BASIC PETROLEUM POLICY AND MONITORS OPERATION
OF PRIVATE COMPANIES. NNPC INCAPABLE DOING INDEPENDENT EXPLORATION
AND DEVELOPMENT, WILL HAVE TO RELY ON HIRED FOREIGN FIRMS.
SOURCE ASKED NNPC OFFICIALS RECENTLY HOW THEY PROPOSED OPERATE
NNPC AND 55 PERCENT GOVERNMENT-OWNED PRIVATE COMPANIES SIDE-BY-
SIDE. ALSO ENQUIRED WHERE NNPC INTENDED RECRUIT EXPATRIATE
STAFF MENTIONED BY BUHARI. REPLY, WHICH SOURCE SAID MADE ONLY
HALF IN JEST, WAS THAT NNPC MIGHT SOLVE BOTH PROBLEMS BY
NATIONALIZING REMAINING FOREIGN EQUITY IN PRIVATE OIL COMPANIES
AND COMBINING STAFF. SOURCE SAID HE CERTAIN THERE FACTION
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WITHIN FMG WHICH MOST ANXIOUS FOLLOW EXAMPLE OF VENEZUELAN
OR SAUDI ARAB NATIONALIZATION OF OIL COMPANIES. FOR TIME
BEING, THIS FACTION RESTRAINED BY COOLER HEADS WHO WELL AWARE
NIGERIAN CANNOT OPERATE ON ITS OWN AND WHO ASSIGN TOP PRIORITY
TO PRESERVING EFFICIENT OIL PRODUCTION AND MAINTAINING FLOW
OF DEVELOPMENT REVENUES. HOWEVER, SOURCE SAID HE CONVINCED
THAT NNPC WILL EVENTUALLY BE VEHICLE FOR COMPLETE NATIONALIZATION
OF OIL INDUSTRY.
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